

HICOG BONN 16 Sept 52

728

p 2 The appointment on 1 Feb 52 of Otto von Hentig as Federal Ambassador to Indonesia may lead to an intensification of West German trade with Communist China via Indonesia. A German East-West trade combine headed by Berlin trader Emil Hoffmann plans as one of its activities to route West German shipments to Communist China through Indonesia and has been promised von Hentig's cooperation. This plan was initiated by Hoffman after a conference held with Hjalmar Schacht after Schacht's return from Indonesia where he spent a number of months during the latter part of 1951 as a financial consultant to Indonesia. Hoffmann's program crystallized when von Hentig, a close friend of Hoffmann, received his appointment as West German Ambassador to Indonesia.

Hoffmann's association with von Hentig may be based on service in the Foreign Office during the Nazi regime when Hoffmann served as Labor Attache in Bucharest. This relationship is strengthened by the circumstance that von Hentig's political views are very similar to those publicly expressed by Hoffmann as evident when von Hentig, on March 12, 1952, introduced Hoffmann to the German Asiatic Society (Deutsch-Asiatische Gesellschaft) in Berlin which is concerned with German relations with India and the Indian Ocean area. Von Hentig had been invited to address this meeting in his capacity as Ambassador to Indonesia. The leaders of the Society, Fritz von Hamseman and Wolfgang Forrell later asked von Hentig if he were aware of Hoffmann's connections with Karlshorst (Soviet headquarters in Germany), von Hentig replied that he knew Hoffmann well and, in general, approved of every type of economic or human (menschlich) relations with the East.

Concrete evidence of von Hentig's willingness to work with Hoffmann is found in his participation in conferences held in Sweden in March 1952 which Hoffmann had arranged for the purpose of setting up a triangular unofficial trade agreement involving the Soviet Zone, Sweden and West Germany and amounting to between 150 and 200 million Swedish crowns. This would exceed the present trade agreement of 108,500,000 Swedish crowns between the Soviet Zone and Sweden which is administered by Sukab, a Swedish Corporation. Preliminary agreement for this large scale triangular trade was reached at the initial conference held in Stockholm on March 7, 1952.

Conferees were:

**German:**

W. O. von Hentig, German Ambassador to Indonesia  
Emil Fridolin Hoffmann, East-West trader  
Matthes Schmitt, Head of the Planning Department, West German Federal  
Ministry of Economics  
Dr. Reuter, Bad Soden, Financial Consultant representing the Flick  
interests with 51% ~~of the West German interest in this Agreement.~~  
~~participation~~ of the West German interest in this Agreement. (It  
is undetermined whether the 51% concerns share of profit or amount  
of participation in the trade involved.)

DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCES METHOD EXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2007

SECRET

Swedish:

E. Blitz, Director of Indor A.B. and Bolinder Fabriks, Kailhaell, Sweden  
Carl Lundstroem, Director of Frigalimint, Stockholm  
Uli Schroeder, Director of Beijer, Stockholm  
Wassaheli, or Vasarhelyi, Director of European Trading Comanny, Stockholm-Berlin Branch: Skandex  
Malmaeus, Official in the Swedish Foreign Office responsible for Western trading affairs.

There was some opposition within the Swedish Foreign Office to the execution of this program, caused in part by the objections of Falke, Swedish Consul-General in Berlin. Falke had taken the position that the agreement should be executed by the Swedish corporation Sukab rather than Skandex, which he regards as a Communist-affiliated group. He also pointed out this transaction was designed to evade the then existing embargo on interzonal trade. (See Berlin's D-604, January 22, 1952). Because of this objection and the Swedish Government's disapproval, agreement was later reached with the Norwegian Governmental agency Norsk Kompansasjonsselskap A.S., of Oslo to handle this triangular trade between the West German group and the Soviet Zone of Germany. (See HICOG despatch 856).

The presence of von Hentig at the Stockholm meeting indicates a substantial interest in the activities of the Hoffmann group and suggests that he is willing to work for the expansion of East-West trade and help Hoffmann to this end.

At present the principal interest which von Hentig shares with Hoffmann would seem to be to increase German trade with China by shipping through Indonesia. At the Moscow Economic Conference, Friedrich Westerbarkey, head of the Atlas Donauhandel, met with four Chinese trade associates of Hoffmann with this end in view. Hoffmann and Schmitt, head of the Planning Department of the West German Ministry of Economics who apparently assists Hoffmann in every way possible, first planned to visit Indonesia in May. Schmitt was to remain behind to initial the Indonesian-West German trade agreement which had been scheduled for August of this year. Hoffmann's travel finally set for early in August is now being blocked by the withdrawal of his passport on the request of the (Allied) Combined Travel Board.

CONCLUDING COMMENT

This study on Otto von Hentig, while concerned primarily with matters of an economic and trade interest, points up certain of the influences operating on German foreign relations. Thus it is interesting to note that von Hentig, who was never considered an enthusiastic Nazi, is able to find common ground with Hoffmann who, in addition to being at present obviously close to Communist authorities, boasts of his former membership in the

SECRET

NSDAP. Their common ground would appear to be a policy of netutrality in the conflict between East and West. It is suggested that von Hentig's future activities toward the realization of this aim should prove of particular interest to U.S. economic and political observers in Jakarta. The fulfillment of their objectives in regard to Germany's trade with China would tend ultimately to recreate for Germany in the Far East an economic and political role which, if it develops with a coloration of neutralism, would be of considerable significance for the United States.

RET